AFFIRMATION OF OPEB COST ANALYSIS REPORT

As External Auditor of the Other Post-Employment Benefits (OPEB) plan of the employer named below, I affirm that the enclosed OPEB Cost Analysis Report, and the enclosed Summary of Actuarial Information taken from the report, have been prepared using a process that is consistent with requirements described in Governmental Accounting Standards 43, 45 and 57.

- The employer OPEB plan has fewer than 100 members.
- The process to develop the cost analysis report is consistent with the process described in GAS 45, paragraphs 33-35, as the Alternative Measurement Process (AMM)
- The investment rate of return assumption used in this OPEB valuation comes from the CalPERS OPEB Assumption Model prepared by the California Employers' Retiree Benefit Trust (CERBT).
- The discount rate used in the cost analysis is consistent with the anticipated level of prefunding
- If employer assets to prefund other post-employment benefits are invested in an irrevocable OPEB trust other than the CERBT, the liabilities associated with those assets are not included in the AMM cost analysis report.

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Name of Employer

____
OPEB Cost Report Date

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Printed Name of External Auditor and Designation

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Signature Date

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Approaches to this affirmation:

Is the GASB AMM spreadsheet being used?

You can find the GASB AMM spreadsheet at http://www.gasb.org/gasb43_45/index.html. Select the "Alternative Measurement Methods Calculations" link.

Is the investment return consistent with the CalPERS OPEB assumptions model?

You will find the CalPERS OPEB assumptions model at www.calpers.ca.gov/cerbt/

Select the "CalPERS OPEB Assumptions Model" link

Is the discount rate appropriate to the funding level?

Here is a test of the appropriateness of the discount rate.

The Annual Required Contribution (ARC) is the sum of the employer paid current year retiree benefit premiums and of the required future period pre-funding contribution.

If the employer intends to contribute 100 percent of the ARC, then the appropriate discount rate is equal to the investment return rate listed in the CalPERS OPEB assumptions model.

If not, then

1. Determine the required future period prefunding contribution.
    a. Subtract the employer paid current year retiree benefit premium payment from the Annual Required Contribution (ARC) of the first year covered by the AMM cost analysis. The difference is the required future period prefunding contribution.
2. Determine the employer's future period expected actual pre-funding contribution in the first year covered by the AMM cost analysis. It equals the planned current year employer contribution to the OPEB trust less the employer paid current year retiree benefit premium.
3. Determine the ratio of the employer's future period expected actual pre-funding contribution (calculated in #2) to the required future period prefunding contribution (calculated in #1).
4. The discount rate used in the AMM spreadsheet should be equal to an appropriate weighted average of the investment return assumption found in the CalPERS OPEB assumption model (currently 7.75%) and the local agency return rate assumption (usually 4 - 4.5 percent).
    a. Use the ratio calculated in step #3 to weight the CalPERS investment return assumption.
    b. Use (1 – ratio calculated in step #3) to weight the local agency return rate.
5. The discount rate used in the AMM cost analysis report should be within 10% (above or below) the weighted average discount rate calculated in step #4.

Are there fewer than 100 plan members?

Count the members listed in the AMM spreadsheet and compare them to the members counted during your audit.